



Executive Committee

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LRB096 07541 MJR 21028 a

1 AMENDMENT TO HOUSE BILL 418

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 418 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Use of Credit Information in Personal  
5 Insurance Act is amended by changing Section 20 as follows:

6 (215 ILCS 157/20)

7 Sec. 20. Use of credit information. An insurer authorized  
8 to do business in this State that uses credit information to  
9 underwrite or rate risks shall not:

10 (1) Use an insurance score that is calculated using  
11 income, gender, address, ethnic group, religion, marital  
12 status, or nationality of the consumer as a factor.

13 (2) Deny, cancel, or nonrenew a policy of personal  
14 insurance solely on the basis of credit information,  
15 without consideration of any other applicable underwriting  
16 factor independent of credit information and not expressly

1 prohibited by item (1). An insurer shall not be considered  
2 to have denied, cancelled, or nonrenewed a policy if  
3 coverage is available through an affiliate. If an insurer  
4 denies, cancels, or does not renew a policy of personal  
5 insurance based on credit information, it must provide the  
6 affected party with an explanation for the insurer's action  
7 and an opportunity for the affected party to explain its  
8 credit information.

9 (3) Base an insured's renewal rates for personal  
10 insurance solely upon credit information, without  
11 consideration of any other applicable factor independent  
12 of credit information. An insurer shall not be considered  
13 to have based rates solely on credit information if  
14 coverage is available in a different tier of the same  
15 insurer.

16 (4) Take an adverse action against a consumer solely  
17 because he or she does not have a credit card account,  
18 without consideration of any other applicable factor  
19 independent of credit information.

20 (5) Consider an absence of credit information or an  
21 inability to calculate an insurance score in underwriting  
22 or rating personal insurance, unless the insurer does one  
23 of the following:

24 (A) Treats the consumer as otherwise filed with the  
25 Department, if the insurer presents information that  
26 such an absence or inability relates to the risk for

1           the insurer and submits a filing certification form  
2           signed by an officer for the insurer certifying that  
3           such treatment is actuarially justified.

4           (B) Treats the consumer as if the applicant or  
5           insured had neutral credit information, as defined by  
6           the insurer.

7           (C) Excludes the use of credit information as a  
8           factor and uses only other underwriting criteria.

9           (6) Take an adverse action against a consumer based on  
10          credit information, unless an insurer obtains and uses a  
11          credit report issued or an insurance score calculated  
12          within 90 days from the date the policy is first written or  
13          renewal is issued.

14          (7) Use credit information unless not later than every  
15          36 months following the last time that the insurer obtained  
16          current credit information for the insured, the insurer  
17          recalculates the insurance score or obtains an updated  
18          credit report. Regardless of the other requirements of this  
19          Section:

20                 (A) At annual renewal, upon the request of a  
21                 consumer or the consumer's agent, the insurer shall  
22                 re-underwrite and re-rate the policy based upon a  
23                 current credit report or insurance score. An insurer  
24                 need not recalculate the insurance score or obtain the  
25                 updated credit report of a consumer more frequently  
26                 than once in a 12-month period.

1           (B) The insurer shall have the discretion to obtain  
2           current credit information upon any renewal before the  
3           expiration of 36 months, if consistent with its  
4           underwriting guidelines.

5           (C) An insurer is not required to obtain current  
6           credit information for an insured, despite the  
7           requirements of subitem (A) of item (7) of this Section  
8           if one of the following applies:

9                   (a) The insurer is treating the consumer as  
10                  otherwise filed with the Department.

11                  (b) The insured is in the most  
12                  favorably-priced tier of the insurer, within a  
13                  group of affiliated insurers. However, the insurer  
14                  shall have the discretion to order credit  
15                  information, if consistent with its underwriting  
16                  guidelines.

17                  (c) Credit was not used for underwriting or  
18                  rating the insured when the policy was initially  
19                  written. However, the insurer shall have the  
20                  discretion to use credit for underwriting or  
21                  rating the insured upon renewal, if consistent  
22                  with its underwriting guidelines.

23                  (d) The insurer re-evaluates the insured  
24                  beginning no later than 36 months after inception  
25                  and thereafter based upon other underwriting or  
26                  rating factors, excluding credit information.

1           (8) Use the following as a negative factor in any  
2 insurance scoring methodology or in reviewing credit  
3 information for the purpose of underwriting or rating a  
4 policy of personal insurance:

5           (A) Credit inquiries not initiated by the consumer  
6 or inquiries requested by the consumer for his or her  
7 own credit information.

8           (B) Inquiries relating to insurance coverage, if  
9 so identified on a consumer's credit report.

10          (C) Collection accounts with a medical industry  
11 code, if so identified on the consumer's credit report.

12          (D) Multiple lender inquiries, if coded by the  
13 consumer reporting agency on the consumer's credit  
14 report as being from the home mortgage industry and  
15 made within 30 days of one another, unless only one  
16 inquiry is considered.

17          (E) Multiple lender inquiries, if coded by the  
18 consumer reporting agency on the consumer's credit  
19 report as being from the automobile lending industry  
20 and made within 30 days of one another, unless only one  
21 inquiry is considered.

22       (Source: P.A. 93-114, eff. 10-1-03; 93-477, eff. 10-1-03.)

23           Section 10. The Public Utilities Act is amended by adding  
24 Section 8-101.5 as follows:

1 (220 ILCS 5/8-101.5 new)

2 Sec. 8-101.5. Use of credit information of prospective and  
3 existing customers. A public utility may not deny, cancel, or  
4 nonrenew utility service solely on the basis of credit  
5 information of prospective or existing customers. If a public  
6 utility denies, cancels, or does not renew service based on  
7 credit information, it must provide the affected party with an  
8 explanation for the public utility's action and an opportunity  
9 for the affected party to explain its credit information.

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law.".